



# MEMORANDUM

To: Members of the Senate Committee on Finance



From: Michigan Association of School Boards  
Michigan Education Association  
Middle Cities Education Association  
Michigan Association of School Administrators  
Michigan Association of Intermediate School Administrators  
AFT Michigan  
Michigan Elementary and Middle School Principals Association  
Michigan Association of Secondary School Principals



RE: Opposition to Senate Bill 960

Date: October 18, 2016



We write today in opposition to Senate Bill 960 which would broaden the definition of charitable organizations that qualify for real and personal property tax exemptions. This bill would have a negative impact on the School Aid Fund (SAF) as well as local revenues.



Our concerns lie in the bigger picture. While this particular bill may seem to be only a small decrease to the SAF, when added to the many other policies passed in recent years, revenue streams to the School Aid Fund continue to be eroded.



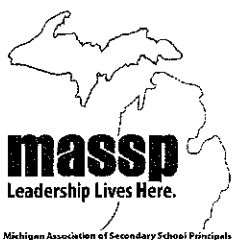
Last session seven new laws were signed that totaled over \$160 million in cuts to SAF revenue. There were 13 other laws signed that each had an indeterminate negative affect on local property tax and School Aid Fund revenue. Attached is a list of bills approved by Senate Committees that have affected revenue streams for our schools.



We urge you to look very closely at this bill and similar ones and the collateral damage they have over time. Our schools will continue to see cuts if the school aid fund does not receive the revenue necessary to support our students and communities.

We urge you to oppose these bills until the SAF and our local school millages are held harmless by the cuts proposed.

If you have any questions, please feel free to contact any of us in the education community listed.





Legislation passed by the **Senate Committees** since January 2015 that affect the School Aid Fund or local property tax revenue (does not include bills that had hearings but no votes, or bills passed by the House). All figures are based on a Senate or House Fiscal Agency analysis.

**Commerce:**

SB369-370 (PA 204-205'15) – exempt industrial processing from sales and use tax

**Amount of loss unknown**

**Finance:**

SB6 – expand property tax exemption for disabled veterans to joint tenancy

**Amount of loss unknown**

SB10-11 – accelerate the elimination of the sales and use taxes on the difference between the value of a trade-in and a new vehicle.

**\$16.2 Million loss to SAF in first year**

SB24 – exempt inherited property from school operating mills for up to two years

**Amount of loss unknown**

SB81 - eliminate the requirement to pay school operating mills on foreclosed properties

**\$15-25 Million loss to SAF**

SB82-83 – eliminate sales and use taxes on prewritten software

**\$51 Million loss to SAF**

SB171 (PA278'16) – modify effective date of property tax exemption filings for elderly/disabled

**Amount of loss unknown**

SB232-233 (PA 7-8'16) – extend sales tax on difference on auto sales to out of state purchases

**Amount of loss unknown**

SB364-365 – remove sales and use tax from firearm safety device sales

**Amount of loss unknown**

SB570 – exempt sportsmen's clubs from property taxes

**Amount of loss unknown**

SB732 – exempt property used for masonic purposes from property tax

**\$400,000 – 1.2 million loss to SAF**

SB991 – exempt auto parts and batteries from sales tax

**Amount of loss unknown and potentially significant**

HB4173 (PA 217'15) – modify exemptions to the real estate transfer tax

**Amount of loss unknown**

HB4580 – allow the revocation of certain property tax abatements

**Amount of increase unknown**

HB4930 (PA 243'15) – property tax pop-up limits for transfers to life estates

**Amount of loss unknown**

HB4984 – changes in the collection of the “specific tax” on tax reverted properties  
**Amount of increase unknown**

HB5132-5133 – changes in sales & use tax for direct mail  
**Amount of loss unknown**

**Government Operations:**

SB414 (PA 180’15) – set parameters for reducing the state income tax rate  
**Amount of loss unknown**

**Michigan Competitiveness**

SB616-617 (PA251-252’15) – sales and use tax exemptions for data centers  
**\$7 Million (but amended on the Senate Floor and in House Committee to hold SAF harmless)**

SB618 – personal property tax exemption for data centers  
**\$14 Million loss to local revenue**

SB989 – use tax on certain medical services  
**\$155 Million increase\***

**Natural Resources:**

SB217 (PA107’15) – modify definition of qualified forest to exempt from property tax  
**Amount of loss unknown**

SB651-653 (PA260-262’16) – changes to qualified forest tax  
**Initially reduce, then increase SAF by unknown amounts**

**These few bills total a minimum loss to the SAF of \$103.6 million annually.**

**\* SB989 includes a \$155 million increase, however this is to replace the current HICA use tax that the federal government says we may no longer collect.**

17 bills have an unknown negative fiscal impact.

5 bills have an unknown positive fiscal impact.

*Updated: August 9, 2016*